

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 DOTE-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01
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P 160023Z FEB 78

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 6328

INFO AMCONSUL MONTREAL

ALL OTHER CONSULS IN CANADA POUCH

C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 00774

PASS DOE FOR BERGOLD AND GOLDMAN; DOE/FERC FOR COMMISSIONER
SMITH AND JOHN ADGER; DOT FOR LEE SANTMAN

E.O. 11652: GDS

TAGS: ENRG, PGOV, SENV, CA

SUBJECT: NORTHERN GAS PIPELINE DEBATE

REF: OTTAWA 00569

1. SUMMARY: FIRST TWO DAYS OF LACKLUSTER DEBATE IN HOUSE
OF COMMONS ON ENABLING LEGISLATION FOR NORTHERN GAS PIPE-
LINE HAVE PRODUCED NO SURPRISES. GOVERNMENT IS STANDING
FAST ON POSITION THAT PIPELINE WILL BRING MAJOR ECONOMIC
BENEFITS TO CANADA AND THAT LEGISLATION PROTECTS CANADIANS
AND THEIR ENVIRONMENT FROM DISLOCATION DURING CONSTRUCTION.
OPPOSITION PARTIES CHARGE THAT BILL UNDULY RESTRICTS RIGHT
OF JUDICIAL APPEAL, ABRIDGES PARLIAMENTARY PREROGATIVES
AND DOES NOT GUARANTEE CANADIAN CONTENT. DEBATE, SO FAR,
LACKS POLITICAL HEAT. OBVIOUS ECONOMIC BENEFITS OF PIPE-
LINE CONSTRAIN OPPOSITION PARTIES FROM LAUNCHING ALL OUT
ATTACK ON PIPELINE ITSELF, SO THEY ARE ATTACKING ONLY
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PARTICULARS OF IMPLEMENTING LEGISLATION. BECAUSE BILL IS
TIGHT AND WELL DRAFTED IT PRESENTS FEW, IF ANY, OPPORTUNI-
TIES FOR SCORING POINTS AGAINST GOVERNMENT. MOST SIGNIFI-
CANT CONSTRAINING FACTOR ON DEBATE, HOWEVER, IS THAT
GOVERNMENT HAS NOT ANNOUNCED NATIONAL ENERGY BOARD (NEB)
PIPE SIZE RECOMMENDATION. OPPOSITION CHARGES THAT IT
CANNOT INTELLIGENTLY DEBATE LEGISLATION WITHOUT THIS

CRITICAL INFORMATION, YET WHEN ANNOUNCED IT COULD INSTANTLY DEFLATE CANADIAN CONTENT ISSUE. GOVERNMENT ANNOUNCEMENT OF RECOMMENDATION AND ITS DECISION ARE EXPECTED EARLY NEXT WEEK. END SUMMARY.

2. DEBATE ON ENABLING LEGISLATION FOR CONSTRUCTION OF CANADIAN PORTION OF ALASKA GAS PIPELINE BEGAN FEBRUARY 13 WITH SECOND READING OF BILL. AT CONCLUSION OF DEBATE, SCHEDULED FOR TWO WEEKS, BILL WILL BE REFERRED TO SPECIAL COMMITTEE FOR HEARINGS AND THEN COME BACK TO FLOOR FOR FINAL VOTE. FIRST TWO DAYS OF DEBATE IN HOUSE OF COMMONS HAVE BEEN SINGULARLY DEVOID OF POLITICAL DRAMA. THERE WERE NO SURPRISES IN OPENING POSITIONS TAKEN BY GOVERNMENT OR OPPOSITION SPEAKERS. FOLLOWING LEAD OF DEPUTY PRIME MINISTER MACEACHEN, GOVERNMENT SPEAKERS HAVE ELABORATED ON THEME THAT LEGISLATION IS EFFECTIVE MECHANISM FOR MONITORING CONSTRUCTION WHICH PROVIDES NECESSARY CONSULTATION WITH PROVINCES AND PUBLIC INTEREST GROUPS, LAYS DOWN TERMS AND CONDITIONS THAT WILL ADEQUATELY PROTECT CANADIANS AND THEIR ENVIRONMENT FROM DISLOCATION DURING CONSTRUCTION, ALL WHILE ASSURING THAT PROJECT WILL BE COMPLETED ON TIME AND AT COST. MACEACHEN COUNTERATTACKED NEW DEMOCRATIC PARTY (NDP) CHARGE, AIRED IN MEDIA BEFORE DEBATE, THAT GOVERNMENT BETRAYED CANADA BY NOT INSISTING ON SPECIFIC GUARANTEES OF CANADIAN CONTENT IN PIPELINE AGREEMENT. HE SAID U.S. WOULD NEVER HAVE AGREED TO RESULTING OPEN-ENDED CONFIDENTIAL

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PROJECT COSTS. U.S. WOULD HAVE APPROVED EL PASO PROJECT INSTEAD, THUS KILLING PROSPECT OF ANY ECONOMIC BENEFITS TO CANADA.

3. PROGRESSIVE CONSERVATIVE (PC) SPEAKERS HAVE TAKEN POSITION THAT PROJECT IS VITAL TO CANADA AND MUST GO FORWARD, BUT THAT IMPLEMENTING LEGISLATION IN ITS PRESENT FORM THREATENS CIVIL LIBERTIES (RIGHT OF JUDICIAL APPEAL) AND SERIOUSLY UNDERMINES PARLIAMENT'S LEGITIMATE ROLE IN MONITORING PIPELINE CONSTRUCTION. PC WILL OFFER AMENDMENTS TO CORRECT THESE "FAULTS." PC SPEAKERS ALSO LAMBASTED GOVERNMENT FOR FAILING TO GAIN AGREEMENT TO ABSOLUTE CANADIAN-CONTENT GUARANTEES DURING NEGOTIATIONS WITH U.S. AND FOR IGNORING SOME LYSYK INQUIRY RECOMMENDATIONS (PIPELINE IMPACT PAYMENTS TO YUKON NATIVES AND TERRITORIAL GOVERNMENT AND SECOND-PHASE SOCIO-ECONOMIC IMPACT HEARINGS). PC SPEAKERS, ESPECIALLY ERIK NEILSEN (YUKON) WHO LED DEBATE FOR CONSERVATIVES, DEVOTED MUCH TIME TO QUARRELING WITH NDP, CHARGING THAT NDP IS TRYING TO "FILIBUSTER" BILL.

4. DISCLAIMING CHARGE THAT THEIR PARTY IS FILIBUSTERING,

NDP SPEAKERS CONTENDED THAT GOVERNMENT IS TRYING TO RUSH BILL THROUGH WITHOUT PUTTING ALL RELEVANT FACTS, SUCH AS DECISION ON PIPE SIZE, ON TABLE. THEY REITERATED EARLIER NDP CLAIM THAT CANADA DOES NOT NEED WESTERN ARCTIC GAS AND THEREFORE PIPELINE BENEFITS ONLY U.S. THEY CHARGED FURTHER THAT GOVERNMENT, "OUTWITTED BY CLEVER YANKEE TRADERS," FAILED TO CONCLUDE AGREEMENT WITH U.S. THAT GUARANTEES PARTICIPATION OF CANADIAN INDUSTRY AND LABOR, WHICH IS CANADA'S RIGHT BY VIRTUE OF HAVING PROVIDED LAND BRIDGE TO U.S. FOR SHIPPING ITS GAS SOUTH. NDP ALSO DECRIED GOVERNMENT FAILURE TO IMPLEMENT TERMS AND CONDITIONS LAID DOWN BY LYSKY INQUIRY AND CONTENDED THAT PIPELINE AGENCY'S

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C O N F I D E N T I A L SECTION 02 OF 02 OTTAWA 00774

POWERS ARE EXCESSIVE AND ABRIDGE PARLIAMENT'S PREROGATIVES IN OVERSEEING PIPELINE CONSTRUCTION.

5. COMMENT: OPPOSITION PARTIES WANT TO REKINDLE POLITICAL FLAMES OF 1956 TRANS-CANADA PIPELINE DEBATE BUT BECAUSE OF CONTRADICTIONS IN THEIR RESPECTIVE POSITIONS, ARE, SO FAR, ONLY PRODUCING SMOKE. PC IS CONFRONTED BY SAME DILEMMA THAT BLUNTED ITS ATTACK DURING DEBATE ON AGREEMENT WITH U.S. LAST AUGUST: STRONG PETROLEUM INDUSTRY-DOMINATED WESTERN WING OF PARTY IS PRO-PIPELINE. THIS ACCOUNTS FOR PC'S AWKWARD JUXTAPOSITION OF VIRULENT ATTACKS ON LEGISLATION WITH FLAG-WAVING SUPPORT FOR PIPELINE. RATHER THAN MAKING COMMON CAUSE WITH NDP, CONSERVATIVES CHARGE THAT NDP IS "FILIBUSTERING" BILL; THIS ONLY ACCENTUATES WEAKNESS OF PC ATTACK ON GOVERNMENT. NDP, WHILE MAKING MORE POINTED,

AND MORE CONSISTENT ATTACK ON LEGISLATION--PARTICULARLY
LACK OF CANADIAN-CONTENT GUARANTEES--AT SAME TIME SEEMS
HESITANT. NDP LEADERSHIP SENSE GOVERNMENT CAN DEFLATE
CANADIAN CONTENT ISSUE IMMEDIATELY ON ANNOUNCING NEB PIPE
SIZE RECOMMENDATION. THIS WOULD LEAVE ONLY ABRIDGEMENT
OF CONSTITUTIONAL RIGHTS BY RESTRICTING JUDICIAL REVIEW AND
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PARLIAMENTARY PREROGATIVES, AND THESE ARE AT BEST WEAK
ISSUES. IN FACT, BILL IS SO WELL DRAFTED IT OFFERS FEW,
IF ANY, OPPORTUNITIES FOR OPPOSITION TO REALLY SCORE
AGAINST GOVERNMENT. MOREOVER, NEITHER PARTY WANTS TO GO
TO THE ELECTORATE UNDER CLOUD OF GOVERNMENT CHARGE THAT
THEY ARE JEOPARDIZING PROJECT WHICH MEANS MORE JOBS FOR
CANADIANS.

6. DEBATE WILL PROBABLY CONTINUE IN THIS INCONCLUSIVE,
UNFOCUSED MODE UNTIL GOVERNMENT ANNOUNCES NEB PIPE SIZE
RECOMMENDATION, PROBABLY EARLY NEXT WEEK. ENDERS

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